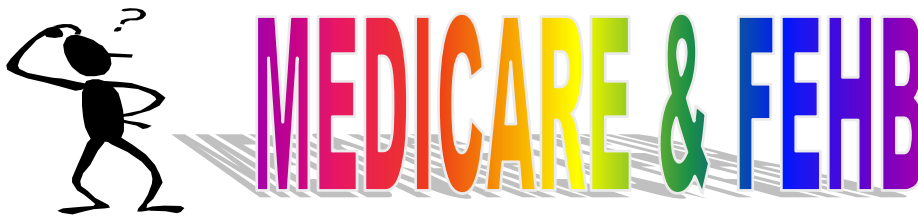




MARCH 2003

QUARTERLY PAYROLL NEWSLETTER FORT DETRICK, MARYLAND

Welcome to the quarterly payroll newsletter provided to you by the Payroll Liaison. I hope that this newsletter helps keep everyone informed on new issues from payroll.



You are eligible for Medicare if you are age 65 or over. You are entitled to Part A without having to pay premiums if you or your spouse worked for at least 10 years in Medicare-covered employment. (You automatically qualify if you were a Federal employee on 1 Jan 1983.) If you don't qualify for premium-free Part A, you may be able to buy it. You must pay premiums for Part B coverage, which are withheld from your monthly Social Security payment or your annuity. Generally, plans under the FEHB Program help pay for the same kind of expenses as Medicare. If you can get Part A premium-free, you should take it, even if you are still working. This will help cover some of the costs that your FEHB plan may not cover. You don't have to take Part B coverage if you don't want it, and your FEHB plan can't require you to take it. If you don't take

Part B at age 65 because you were covered under FEHB as an active employee, you may sign up within 8 months from the time you or your spouse stop working or are no longer covered by the group plan. You can also sign up at any time that you are covered by the group plan. FEHB is NOT one of the 10 standardized Medicare supplemental insurance policies- known as Medigap (and Medicare SELECT) policies. However, FEHB plans and options will supplement Medicare by paying for costs not covered by Medicare, such as the required deductibles and coinsurance, and by providing additional benefits not provided under Medicare, such as prescription drugs, routine physicals and additional preventive care. Medicare automatically transfers claims information to your FEHB plan once your claim is processed, so you generally don't need to file with both. Your FEHB Plan MUST pay benefits first when you are an Active Federal employee or reemployed annuitant and either you or your covered spouse have Medicare. Your FEHB Plan must also pay benefits first for your or a covered family member during the first 30 months of eligibility or entitlement to Part A benefits regardless of your employment status. Your FEHB coverage will be your primary coverage until you retire. If you retire with FEHB and Medicare coverage and are also covered under your spouse's policy, then your spouse's policy would be your primary coverage, Medicare would pay secondary and your FEHB plan would pay third. Once Medicare becomes the primary payer, you may find that a lower cost FEHB would be adequate for your needs. For additional information, visit the <http://www.opm.gov> and view the FEHB and Medicare Handbook, RI 75-12.

SOCIAL SECURITY AND MEDICARE TAX

Employees subject to Social Security (OASDI) taxes will be paying taxes on earnings up to \$87,000 in 2003. The percentage for Social Security is 6.2 and the percentage for Medicare is 1.45. There is no salary limit on Medicare.



TSP CATCH-UP

Public Law 107-304 will allow TSP participants age 50 and older to make "catch-up" contributions—on top of regular TSP investments allowed—to the retirement savings program of an additional \$2,000 in 2003, with the allowable amount rising by \$1,000 a year until reaching \$5,000 a year in 2006 and adjusted for inflation afterward. The contributions, which will have to be made through payroll withholding, are expected to be available starting with the TSP open season that begins April 15. The TSP catch-up program will likely be of interest to employees in the CSRS retirement system for two reasons. First, most of the older federal employees are under CSRS, since the FERS system mostly applies to those hired since 1983. Second, CSRS employees are subject to lower percentage of salary investment limits—was 5% of salary and has risen to 8% this year. The reasoning, for allowing the catch-up contributions, is that many older workers may have spent much, if not most of their working years, without being eligible for the TSP, a 401(k) or similar plan and they have relatively little time left to build up those accounts before retiring. The catch-up investing could also be

especially valuable to employees who took breaks in their careers for child-raising or other purposes and who were unable to make retirement investments during those years.

SAVINGS BONDS MINIMUM HOLDING PERIOD

The Treasury Department recently announced that the minimum holding period that applies to United States Savings Bonds will be extended from six to twelve months, effective with issues dated on and after 1 February 2003. The minimum holding period is the length of time from issue date that a bond must be held before it is eligible for redemption. Both Series EE and I bonds are affected. Series EE and I Savings Bonds bearing issue dates prior to February 2003 retain the six-month minimum holding period in effect when they were issued. The new holding period will prevent purchasers from taking advantage of the current spread between savings bond returns and historically low short-term interest rates by cashing in bonds after six months. Savings Bonds are designed to be a long-term savings vehicle. More information about United States Savings Bonds can be found on the website www.savingsbonds.gov.

DFAS WINS E-PAY COMPETITION

The Defense Finance and Accounting Service (DFAS), in partnership with the General Services Administration, recently won a tough competition to be one of two teams providing payroll services to all executive branch employees by 2004. DFAS will add more than 307,000 new civilian payroll customers from the Department of Veterans Affairs, Health and Human Services, and the Department of Energy, an increase of nearly 50 percent over the

existing 650,000 Department of Defense civilian employee accounts that DFAS already handles. Since its creation 11 years ago, the DFAS team has converted 26 payroll systems into one; consolidated over 350 payroll offices into three; and increased efficiency. One pay technician used to handle 800 employee accounts, they now handle 2,300 accounts. By 30 September 2004, the 1.9 million federal civilians will be customers of the two e-Payroll teams determined by the competition conducted by the Office of Personnel Management (OPM) as part of the President's Management Agenda.

SUPERVISORS TIMECARD RESPONSIBILITIES

Supervisors are responsible for the timely and accurate preparation, certification, and submission of time and attendance. The supervisor may assign checking of daily attendance and posting of time and attendance to a timekeeper. Assignment of these duties to a timekeeper DOES NOT relieve the supervisor of the responsibility for the accuracy of the time and attendance to which he or she certifies, including that leave is approved and administered in accordance with applicable policies, regulations, instructions, and bargaining agreements. The supervisor should inform the timekeeper when an employee is on any type of leave, or has worked any type of premium work. Supervisors can review their responsibilities IAW DoDFRM 7000.14R, Vol 8, CIVILIAN PAY POLICY AND PROCEDURES, Chap 2. This regulation is located at: <http://www.dod.mil/comptroller/>. A major problem with employee's debts are in the T&A certification. The payroll offices indicate that there are millions of \$ in debts due to incorrect input of time into the system.



Each employee has a local pay contact, in their activity, known as the Customer Service Representative (CSR) to respond to pay inquiries. Starting with your activity CSR is the most expeditious way to solve a pay issue. The CSR is the office responsible for collecting and updating the pay system with such items as W-4s (Employee's Withholding Allowance Certificate), starting or changing allotments of pay, union dues, etc. They also serve as the focal point for the input of time and attendance (T&A) data. The CSR can access on-line payroll information and should be able to answer most of your questions. More importantly, frequently the CSR, your activity, or the Human Resources Office may need to take an action that initiates a correction to your pay. If the CSR is unable to answer an inquiry, the CSR will contact the Payroll Liaison directly, with your inquiry.

TIME OFF AWARDS

Time off granted as an incentive award MUST be used within one year from the effective date. Supervisors and employees are responsible for scheduling the use of this leave within one year. If not used within the one-year timeframe, the incentive leave is forfeited. There is no provision for restoring time-off awards. Unused time off should be transferred when an employee transfers from one activity to another, but remains within the same DoD Component, (ie. Army to Army). If an

employee changes to another agency, any unused time off shall be forfeited.



WHAT IS OASDI ??

OASDI stands for OLD AGE SURVIVORS DISABILITY INSURANCE. Another name for this is Social Security. The deduction amount to be withheld from your salary is 6.2% for FERS and FICA employees. Employees, covered under the CSRS retirement system, don't have this deduction.



SECURITY REMINDER !

When Customer Service Representatives and/or Timekeepers leave or are assigned other duties, don't forget to advise us to delete their DCPS Security Access. Fax a copy of their Security Access Questionnaire with a comment to Delete the USERID.

EMPLOYEES TRANSFERRING TO OTHER AGENCIES

Employees that are transferring to another agency should be reminded to have their 'gaining' personnel office send a copy of their 'pick-up' SF50 to their 'losing' personnel office. The 'pick-

up' SF50 is needed to do a 'drop' SF50 to remove the employee from the personnel and payroll systems. Until this is accomplished, the employees SF 1150, Record of Leave, cannot be generated.